



# **CITY OF SANTA BARBARA**

## **COUNCIL AGENDA REPORT**

**AGENDA DATE:** June 6, 2011

**TO:** Mayor and Councilmembers

**FROM:** Environmental Services, Finance Department

**SUBJECT:** Special Budget Work Session And Public Hearing On The Proposed Two-Year Financial Plan For The Solid Waste Fund For Fiscal Years 2012 And 2013

### **RECOMMENDATION:**

That Council receive a report from Environmental Services Division staff regarding proposed solid waste collection service fee increases for Fiscal Year 2012.

### **DISCUSSION:**

On May 12, 2011, Council received a presentation from staff regarding the proposed two-year financial plan for the Solid Waste Fund for Fiscal Years 2012 and 2013. The proposed budget for Fiscal Year 2012 included an increase of 6.09% on solid waste collection fees for all customer classes. Of the total adjustment, 2.72% accounts for an increase in the solid waste "tipping fee" charged by the Tajiguas Landfill and an increase in the amounts paid to the City's contracted haulers tied to the increase in the Consumer Price Index. The City is contractually obligated to compensate its franchised waste haulers for these increases.

Another 0.84% of the total increase is needed to cover operation and maintenance costs for the gas collection and control system recently installed by the City at the Los Positas Landfill pursuant to State law. The remaining 2.53% is needed to cover (1) the shift of franchise fees from the Solid Waste Fund to the General Fund beginning in Fiscal Year 2011; (2) a sharp decline in revenues from the sale of recyclables; and (3) a decline in revenues in the commercial sector caused by various factors, including a new rate structure and a general decline in the economy.

Following the presentation, Council directed staff to develop several scenarios that would apply the proposed rate increases to customer rates as follows:

- A total increase of 3.56% would be applied to all customer classes including residential, multi-unit residential, and commercial. The 3.56% includes the tipping fee and CPI adjustment totaling 2.72% and an additional 0.84% for the operation and maintenance of the landfill gas collection system.
- An additional 2.53% increase would be applied to commercial and residential rates in various proportions among trash and diversion services.

Staff will present various rate adjustment scenarios consistent with Council direction at this meeting.

**PREPARED BY:** Matt Fore, Environmental Services Manager

**SUBMITTED BY:** Robert Samario, Finance Director

**APPROVED BY:** City Administrator's Office